

Frequency of Purchase & Intention to Save – A Study Based on Working Women in Coimbatore City

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ABSTRACT - As a woman, the life expectancy is high as compared to males; hence it is very much essential to have enough investment to maintain the lifestyle throughout their lives. Income, Savings and Investment in the developing countries like India need funds for economic development and growth. This study describes about the intention to saving for future and the frequency of purchase made especially by working women in Coimbatore city. As there is a rapid growth in increased number of working women of middle class families, which leads to their financial independence. Hence, effort should be made to attract women investors by providing right information and knowledge about various investment avenues through advertisement/counseling. It is been concluded that if women educate themselves well about investment avenues & the returns which can be availed from them, they can take important and bold decisions for making investment.

Keywords: savings, investments, choice of investment, working women etc.,

I. INTRODUCTION

Income, Savings and Investment in the developing countries like India need funds for economic development and growth. For this proper cash management is required. The wealth elasticity of bank deposits though remained below unity, exhibited increasing trend during 1970-89. But following financial liberalization and deregulation, the scope for deposit reinter mediation cannot be ruled unless investment in life insurance plus provident funds becomes highly attractive though large fiscal and other concessions¹. While planning the management of cash, the twin objectives of financial management-liquidity and profitability are kept in mind. The cash balances must be adequate to meet obligations in right time otherwise a large cash reserve may be wasteful which could be better employed elsewhere. The three variables that measure the growth of an economy are Income, Savings and Investment. While investment is the single most factors for the development of an economy, it is savings which provides the basis for investment. Savings appears to be crucial variable indicating the capacity or willingness of an economic unit to forego current consumption by channeling a part of the resources to capital formation. Investment in its broadest sense, means the sacrifice of certain present value for (possible uncertain) future value.

II. SAVING PATTERN

As the circulation of the blood is necessary for the survival of the individual, in the same savings are also necessary for the unpredictable future in order to meet the emergencies in life. Savings mean sacrificing the current consumption in order to increase the living standard and fulfilling the daily

requirement in the future. Savings can be done in different ways such as by making bank deposits, increase in cash reserves etc. it is the portion of disposable income not spent on consumption of consumer goods but accumulated are invested directly in capital equipment or in paying off home mortgage, or indirectly through purchase of securities. It plays an important role in making of the household and the national economy. It is necessary to have saving plan because it will helps in meeting the financial goals like children's education, meeting the demands of the family etc.

❖ INVESTMENT PATTERN

It is an economic activity of employment of funds with the expectation of receiving a stream of benefits in the future. It is mainly done with the objective like wanting a home, creating a regular income after retirement and possessing money for the children's education. There are various types of investment avenues available in the market such as shares, debentures, mutual funds, bank deposits, life insurance, precious metals, public provident funds, post office saving schemes etc. Some investment avenues are risky and some are risk free. The investors prefer to invest in particular investment avenues according to their need, risk bearing capacity and expected returns. It is an asset or item that is purchased with a hope that it will generate income or will appreciate in future.

OBJECTIVES OF THE STUDY

- To identify working women's intention for saving pattern based on their income level
- To analyze working women's frequency in making investment as far as their savings concerned

III. REVIEW OF LITERATURE

Ganti Subramanyam et.al. (1994)¹ in their paper on “**Disintermediation in India’s Household Sector Financial Portfolio**” discovered the fact that the flow of household savings into bank deposits weakened as more and more market instruments attracted savings. This decline posed the biggest threat in the business of banks. This study also led to an econometric investigation of household preference of deposit form of savings through the forms of financial savings. They found the household sectors saving pattern during the last two decades encouraging Gross Domestic Savings ratio was reported to have increased from 10.1 per cent in 1951-52 to 21.2 per cent in 1980-81.

Radha.V (1995)² in the study titled “**A Study of Investment Behavior of Investors of Corporate Securities**” have observed the investment plan of corporate security investors in Tamil Nadu. The analysis revealed that the largest segment of the sample was instituted by young generation investors. They were generally better educated and male investors were reported to have dominated the investment scene. Salaried group investors were reported to have dominated the share ownership position. Most of the investors intended to divert a part of the savings safely in fixed income securities, so that they could make use of the balance in speculative activities. While probing the pre-investment behavior and investment objectives, it was found that investors formed certain primary objectives and gave importance to them while making investment plans. Capital appreciation was considered to be most important objective. The success of the investment decision depends upon the successful performance of industry. Hence all information relating to the industry was helpful for making investment decisions.

Karthikeyan (2001)³ had conducted research on “**Small investors perception on post office saving**” schemes and found that there was significant difference among the four age group, in the level of awareness for Kisan Vikas Patra (KVP). National saving scheme (NSS) and Deposit Scheme for Retained Employees (DSRE), and the overall score confirmed that the level of awareness among investors in the old age group was higher than in those of young age group. No difference was observed between male and female investors except for the NFS and KVP.

Qamar (2003)⁴ “**Study attempted to examine the investment preferences of working women**” that are able to save and to identify the factors influencing saving behavior and investment preferences of investors in India. The result of the study showed that there is a high propensity to save moderate to high proportion of that income.

Shantilal Sarupria (1963)⁵ in the study captioned “**Individual Savings in an under Development Economy-India-A Case Study**” has made an attempt to disprove

certain widely held views about the individual’s savings behaviour in an under developed country like India and suggested the ways of potential savings which could be mobilised for investment. It was regrettably contended that a large section of our population held the savings in the form of gold, landed property and other unproductive assets.

The National Council of Applied Economic Research (NCAER) (1964)⁶ conducted a survey of households entitled “**Attitude Towards and Motivations for Savings**”. The survey covered a sample of 4650 households spread over India. It provides an insight into the attitude towards and motivations for savings of individuals. One of the important finding was that the investment in securities was preferred by the high income households.

Fama (1972)⁷ in the study titled “**Components of Investment Performance**” analysed the Investment and introduced two terms —Selecting and —Timing which were more important compared to risk and return. Further, he suggest methods for measuring the efforts of foregone diversification when an investment manager decides to concentrate his holdings in which he thinks that there are only a few winners. Eventually he was successful in presenting a multi period model that allowed evaluation both on period by period and on a cumulative basis.

SCOPE OF THE STUDY

As a woman, the life expectancy is high as compared to males; hence it is very much essential to have enough investment to maintain the lifestyle throughout their lives. If we observe the current scenario of metro cities of India, we will get to know that the percentage of career oriented women is on the rise. They would need higher amounts of funds to meet the increasing needs arising out in their families. Then women should not only be financially independent, so they should have sound investment to secure their future. The scope of the study is restricted to the market survey conducted on women investors with respect to the preference of various investment options while doing their financial planning. Virtually every investor faces special circumstances. Then it is always observed that women are no risk takers while doing investment decisions. If they educate themselves well about investment avenues & the returns which can be availed from them, they can take important and bold decisions for making investment.

IV. RESEARCH METHODOLOGY

Area of the study - The research work was carried out in the Coimbatore city, among working women in different industry sectors.

Sample size - The sample size is 100 respondents.

Sampling technique - The study is based on convenient sampling method. It refers to the techniques or procedures the researcher would adopt in selecting items for the sample.

Source of data - This study is based on data collected from primary data and secondary data, primary sources being questionnaires collected and secondary sources being collected from books related to income, savings and investments, websites, articles and journals.

Tools

- Simple percentage analysis
- Chi square test

V. ANALYSIS & INTERPRETATION

PERCENTAGE ANALYSIS

Particulars		No of respondents	Percent
Age	20-30	54	54.0
	31 – 40	31	31.0
	41 – 50	14	14.0
	Above 50	1	1.0
	Total	100	100.0
Education Qualification	Post graduate	46	46.0
	Graduate	42	42.0
	Non graduate	8	8.0
	Others	4	4.0
	Total	100	100.0
Prime Investment Decision	Yourself	50	50.0
	Your spouse	10	10.0
	Your spouse and you collectively	40	40.0
	Total	100	100.0
Employment Status	Salaried	45	45.0
	Professional	31	31.0
	Business	16	16.0
	Others	8	8.0
	Total	100	100.0
Monthly Income	Below 20000	16	16.0
	20000 – 50000	50	50.0
	50000 – 100000	31	31.0
	Above 100000	3	3.0
	Total	100	100.0
Purpose of Saving	Children's Education	20	20.0
	Growth plan	57	57.0
	Retirement Plan	7	7.0
	Health care Expenses	10	10.0
	Home purchase	3	3.0
	Others	3	3.0
	Total	100	100.0
Investment Portfolio Objectives	Income and capital preservation	16	16.0
	Growth and Income	53	53.0
	Long-term growth	30	30.0
	Aggressive growth	1	1.0
	Total	100	100.0
Frequency of Investment	Monthly	56	56.0
	Quarterly	27	27.0
	Half-Yearly	6	6.0
	Annually	11	11.0
	Total	100	100.0
Consulting Financial	Yes	37	37.0
	No	63	63.0

Advisor	Total	100	100.0
Financial Advisor	Friends/Relatives	12	32.4
	Financial consultants	14	37.8
	Investment institutions	10	27.0
	Portfolio Department in Banks	1	2.7
	Total	37	100.0

The study reveals that 54% of the respondents belong to the age group of 20 to 30 years, 31 % of them belong to 31 to 40 years, 14 % of them belong to 41 to 50 years and 1% of them belong to above 50 years. Based on the education qualification, it is observed that 46% of the respondents belong to the group of post graduate, 42 percent of them belong to graduate, 8 percent of them belong to non-graduate, and 4% of them belong to other category.

It is observed that the most (50%) of the respondents take the investment decision on their own. Then 45% of the respondents are salaried, under the monthly income group, 50% of them belong to 20000 to 50000, based on the purpose of saving, it is clear that 57 % of them save under growth plan. Based on investment portfolio objectives, 56% of the respondents invest monthly, 63% of the respondents don't consult financial advisors.

❖ CHI-SQUARE TEST

DEMOGRAPHIC VARIABLES OF THE RESPONDENTS AND PURPOSE OF SAVINGS

H₀: Chi-square test has been applied to find out if there is any significant relationship between the demographic variables of the respondents and purpose of savings. Null hypothesis is framed and the results are highlighted below.

Demographic variables	Value	Degrees of freedom	Asymp. Sig. (2-sided)	Significant or Not Significant
Age	19.112	15	.209	Not Significant
Education	24.985	15	.049	Significant
Person taking prime investment decision	14.608	10	.147	Not Significant
Employment Status	20.474	15	.154	Not Significant
Monthly Income	21.591	15	.119	Not Significant

From the above table it is clear that the significant values of the demographic variables i.e., Age, Person taking prime investment decision, employment status and monthly income are 0.209, 0.147, 0.154, and 0.119. As the significant value of education is less than 0.05, the null hypothesis is not accepted and the result shows that there exists significant relationship between the demographic variables of the investors and purpose of savings.

DEMOGRAPHIC VARIABLES OF THE RESPONDENTS AND FREQUENCY OF PURCHASE

H₀: Chi-square test has been applied to find out if there is any significant relationship between the demographic variables of the respondents and frequency of purchase.

Null hypothesis is framed and the results are highlighted below.

Demographic variables	Value	Degrees of freedom	Asymp. Sig. (2-sided)	Significant or Not Significant
Age	5.197	9	.817	Not Significant
Education	6.201	9	.720	Not Significant
Person taking prime investment decision	10.300	6	.043	Significant
Employment Status	11.381	9	.250	Not Significant
Monthly Income	5.740	9	.766	Not Significant

From the above table it is clear that the significant values of the demographic variables i.e., Age, education, employment status and monthly income are 0.817, 0.720, 0.250, and 0.766. As the significant value of person taking prime investment decision is less than 0.05, the null hypothesis is not accepted and the results shows that there exists significant relationship between the demographic variables of the investors and purpose of savings.

VI. LIMITATIONS

- This is an academic effort and it is limited to cost, time and geographical area. As the data is collected from 100 respondents only, generalization to other women investors is inevitable
- An interpretation of the study is based on the assumption that the respondents have given correct information
- Some respondents were reluctant to share the information regarding income and investment decisions, which they thought personal

VII. SUGGESTIONS

- There is a rapid growth in the increase in the number of working women of middle class families, which leads to their financial independence. Hence, effort should be made to attract women investors by providing right information and knowledge about various investment avenues through advertisement / counselling.
- The employers i.e. companies should be encouraged to organize 'Investment & financial awareness programmes' by experts in their office premises especially for their women employees.
- Small debates can be organized weekly wherein the review of financial newspapers like 'Economic Times' & 'Financial Express' can be taken at the workplace to increase financial awareness.
- Working women themselves should take efforts to become expert managers of their own portfolios.
- Government should come up with more innovative projects as they have done by starting banks for women only-'Mahila Bank' wherein everything is done by women. These banks can be the reliable source of investment for women.

- Women can take help of reliable Certified Financial Planners for making the right investment decisions & for having an ideal portfolio.

VIII. CONCLUSION

Coimbatore is on the path of growth in real sense. As it is known already for the best education place, it has now become the 'Employment Hub' as well. Because of high level education, today's women are getting the best job offers with high take home pay packages. It has become the present day need for working women in India to increase their wealth. As most of the women are low in financial literacy, it becomes hardly possible for them to manage their portfolios on their own. Also the risk bearing capacity of working women in India is low. This is due to lack of sound financial knowledge. As the study is based on the frequency of purchase and intention to save among working women, it is found that it is most beneficial to save for their future and they find right investment avenues and invest for their future. Hence this study will help the financial institutions in designing exclusive instruments for women and to the government in coming up with new policies for utilizing women's savings for the betterment of the economy.

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